

INSTRUMENT PREPARED BY  
VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE  
OF VIRGINIA SECTION 45.1-361.26

V I R G I N I A :

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: **Equitable Production Company** ) VIRGINIA GAS  
) AND OIL BOARD  
RELIEF SOUGHT: POOLING OF INTERESTS IN A 58.77 )  
ACRE SQUARE DRILLING UNIT ) DOCKET NO.  
DESCRIBED IN **EXHIBIT A** HERETO ) **VGOB-07/08/21-1988**  
LOCATED IN THE **NORA** COAL BED GAS )  
FIELD AND SERVED BY WELL NO. )  
**VC-537965** (herein "Subject Drilling )  
Unit") PURSUANT TO VA. CODE )  
§§ 45.1-361.21 AND 45.1-361.22, )  
FOR THE PRODUCTION OF OCCLUDED )  
NATURAL GAS PRODUCED FROM COALBEDS )  
AND ROCK STRATA ASSOCIATED )  
THEREWITH (herein "Coalbed Methane )  
Gas" or "Gas") )

LEGAL DESCRIPTION:

SUBJECT DRILLING UNIT SERVED BY WELL NUMBERED )  
**VC-537965** (herein "Well") TO BE DRILLED IN )  
THE LOCATION DEPICTED ON **EXHIBIT A** HERETO, )  
**Pine Mountain Oil & Gas, Inc.** )  
**Tract T-459** )  
**Duty QUADRANGLE** )  
**Castlewood MAGISTERIAL DISTRICT** )  
**RUSSELL COUNTY, VIRGINIA** )  
(the "Subject Lands" are more )  
particularly described on **Exhibit A**, )  
attached hereto and made a part hereof) )

TAX MAP IDENTIFICATIN NUMBERS:

TAX MAP IDENTIFICATIN NUMBERS FOR ALL PARCELS )  
AFFECTED BY THIS ORDER ARE SHOWN ON EXHIBIT(S) )  
**B-3**; WHICH IS/ARE ATTACHED TO AND A PART )  
OF THIS ORDER. )

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on **August 21, 2007** Southwest Higher Education Center, Campus of Virginia Highlands Community College, Abingdon, Virginia.

2. Appearances: **James E. Kaiser of Wilhoit and Kaiser**, appeared for the Applicant.

3. Jurisdiction and Notice: Pursuant to Va. Code §§45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner and/or potential owner, i.e., person identified by Applicant as having ("Owner") or claiming ("Claimant") the rights to Coalbed Methane Gas in all Pennsylvania-aged coals from the top of the Raven, including but not limited to Jawbone, Greasy Creek, C-Seam, War Creek, Beckley, Lower Horsepen, X-Seam, Poco 6, Poco 5, Poco 3, Poco 2 and any other unnamed coal seams, coalbeds and rock strata associated therewith (hereafter "Subject Formations") in the Subject Drilling Unit underlying and comprised of Subject Lands; (2) represented it has given notice to those parties so identified (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code §§ 45.1-361.19 and 45.1-361.22, to notice of the application filed herein; and (3) that the persons set forth in **Exhibit B-3** hereto have been identified by Applicant as persons who may be Owners or Claimants of Coalbed Methane Gas interests in Subject Formations in the Subject Drilling Unit who have not heretofore agreed to lease or sell to the Applicant and/or voluntarily pool their Gas interests. Conflicting Gas Owners/Claimants in Subject Drilling Unit are listed on **Exhibit E**. Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: **Revised Exhibits B, B-2, B-3 & E.**

5. Dismissals: **Tract 2, Ada Karen Hayes and Clarence Hayes.**

6. Relief Requested: Applicant requests (1) that pursuant to Va. Code § 45.1-361.22, including the applicable portions of § 45.1-361.21, the Board pool the rights, interests and estates in and to the Gas in the Subject Drilling Unit, including those of the Applicant and of the known and unknown persons named in **Exhibit B-3** hereto and that of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas produced from the Subject Drilling Unit established for the Subject Formations underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"); and, (2) that the Board designate **Equitable Production Company** as the Unit Operator.

7. Relief Granted: The requested relief in this cause shall be and hereby is granted and: (1) pursuant to Va. Code § 45.1-361.21.C.3, **Equitable Production Company** (hereafter "Unit Operator" or "Operator") is designated as the Unit Operator authorized to drill and operate the Well in Subject Drilling Unit at the location depicted on the plat attached hereto as **Exhibit A**, subject to the permit provisions contained in Va. Code § 45.1-361.27, et seq.; to §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; to § 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations and to the Nora Coal Bed Gas

Field Rules established by the Oil and Gas Conservation Board's Order entered March 26, 1989; all as amended from time to time; and (2) all the interests and estates in and to the Gas in Subject Drilling Unit, including that of the Applicant, the Unit Operator and of the known and unknown persons listed on **Exhibit B-3**, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, be and hereby are pooled in the Subject Formations in the Subject Formation in the Subject Drilling Unit underlying and comprised of the Subject Lands.

Pursuant to the Nora Coal Field Rules promulgated under the authority of Va. Code § 45.1-361.20, the Board has adopted the following method for the calculation of production and revenue and allocation of allowable costs for the production of Coalbed Methane Gas.

For Frac Well Gas. - Gas shall be produced from and allocated to only the 58.77 acre drilling unit in which the well is located according to the undivided interests of each Owner/Claimant within the unit, which undivided interest shall be the ratio (expressed as a percentage) that the amount of mineral acreage within each separate tract that is within the Subject Drilling Unit, when platted on the surface, bears to the total mineral acreage, when platted on the surface, contained within the entire 58.77-acre drilling unit in the manner set forth in the Nora Field Rules.

8. Election and Election Period: In the event any Owner or Claimant named in **Exhibit B-3** hereto does not reach a voluntary agreement to share in the operation of the well located in the Subject Drilling Unit, at a rate of payment mutually agreed to by said Gas Owner or Claimant and the Unit Operator, then such person named may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 to the designated Unit Operator at the address shown below within thirty (30) days from the date of receipt of a copy of this Order. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any Gas Owner or Claimant named in **Exhibit B-3** who has not reached a voluntary agreement with the Applicant or Unit Operator may elect to participate in the Well development and operation in the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the Well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation 4 VAC 25-160-100 (herein "Completed for Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of

the Estimated, Completed-for-Production Costs as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The estimated Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Completed-for-Production Costs: \$324,620.00

Any gas owner and/or claimants named in **Exhibit B-3**, who elect this option (Option 1) understand and agree that their initial payment under this option is for their proportionate share of the Applicant's estimate of actual costs and expenses. It is also understood by all persons electing this option that they are agreeing to pay their proportionate share of the actual costs and expenses as determined by the operator named in this Board Order.

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operators' "Interest in Unit" times the Completed-for-Production Cost set forth above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Completed-for-Production Cost as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

- 9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the Well development and operation in Subject Drilling Unit under Paragraph 9.1 above, any Gas Owner or Claimant named in **Exhibit B-3** hereto who has not reached a voluntary agreement with the Unit Operator may elect to accept a cash bonus consideration of **\$5.00** per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Gas produced from any Well development and operation covered by this Order multiplied by that person's Interest Within Unit as set forth in **Exhibit B-3** [for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person] as fair, reasonable and equitable compensation to be paid to said Gas Owner or Claimant. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within one hundred twenty (120) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once

the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing person in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the Well development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any Gas Owner or Claimant named in **Exhibit B-3** who has not reached a voluntary agreement with the Unit Operator may elect to share in the well development and operation in Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. Any Gas Owner and/or Claimant named in **Exhibit B-3** who elects this option (Option 3) understands and agrees that Completed-for-Production Costs are the Operator's actual costs for well development and operation. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development and operation.

Subject to a final legal determination of ownership, the election

made under this Paragraph 9.3, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any Well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person named in **Exhibit B-3** hereto has not reached a voluntary agreement with the Applicant or Unit Operator and fails to elect within the time, in the manner, and in accordance with the terms of this Order, one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed Well development and operation in Subject Drilling Unit and shall be deemed, subject to any final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies, and shall be deemed to have leased and/or assigned his right, interests, and claims in and to said Gas produced from Subject Formation in Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event a person named in **Exhibit B-3** elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the estimated Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within one hundred twenty (120) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any 1/8th royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event a person named in **Exhibit B-3** is unable to reach a voluntary agreement to share in the Well development and operation in Subject Drilling Unit at a rate of payment agreed to mutually by said Gas Owner or Claimant and the Unit Operator, and

said person elects or fails to elect to do other than participate under Paragraph 9.1 above in the Well development and operation in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests, and claims in and to said Well, in Subject Formations in Subject Drilling Unit, and other share in and to Gas production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said elections.

13. Unit Operator (or Operator): **Equitable Production Company** shall be and hereby is designated as Unit Operator authorized to drill and operate the Well(s) in Subject Formations in Subject Drilling Unit, all subject to the permit provisions contained in Va. Code §§ 45.1-361.27 et seq.; §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations; Oil and Gas Conservation Board ("OGCB") Order establishing the Nora Coal Bed Gas Field Rules entered March 26, 1989; all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

**Equitable Production Company**  
**Land Administration**  
**P.O. Box 23536**  
**Pittsburgh, PA 15222**  
**Attn: Nicole Atkison**  
**Phone: 412-395-2099**

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of the Well within Subject Drilling Unit within seven hundred thirty (730) days from the date of this Order, and shall prosecute the same with due diligence. If the Unit Operator has not so commenced and/or prosecuted, then this order shall terminate, except for any cash sums then payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 p.m. on the date on which the well covered by this Order is permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the Petition for Appeal and the Final Order of the Circuit Court shall be excluded in calculating the two-year period referenced herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating the Well(s) has been paid the full amounts due under the terms of this Order.

# 16. Escrow Provisions:

The Applicant represented to the Board that there **are** unknown or unlocatable claimants in Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16; and, the Unit Operator has represented to the Board that there **are** conflicting claimants in the Subject Drilling Unit whose payments are subject to the provisions of Paragraph 16.2 hereof. Therefore, by this Order, the Escrow Agent named herein or any successor named by the Board, **is** required to establish an interest-bearing escrow account for the Subject Drilling Unit (herein "Escrow Account"), and to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described in Paragraphs 16.1 and 16.2:

Wachovia Bank, N.A.  
VA7515  
P.O. Box 14061  
Roanoke, VA 24038  
Attn: Judy Barger

16.1. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and, pursuant to Va. Code § 45.1-361.21.D, said sums shall be deposited by the Unit Operator into the Escrow Account, commencing within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with Va. Code § 45.1-361.21.D.

16.2 Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment, together with Participating Operator's Proportionate Costs paid to Unit Operator pursuant to Paragraph 9.1 hereof, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Va. Code §§ 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4, be deposited by the Operator into the Escrow Account within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject



to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

17. Special Findings: The Board specifically and specially finds:

17.1. Applicant is **Equitable Production Company**. Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;

17.2. Applicant **Equitable Production Company** has made a delegation of authority to **Equitable Production Company** to explore, develop and maintain the properties and assets of Applicant, now owned or hereafter acquired, and **Equitable Production Company** has accepted this delegation of authority and agreed to explore, develop and maintain those properties and assets, and has consented to serve as Coalbed Methane Gas Unit Operator for Subject Drilling Unit and to faithfully discharge the duties imposed upon it as Unit Operator by statute and regulations;

17.3. Applicant **Equitable Production Company** is an operator in the Commonwealth of Virginia, and has satisfied the Board's requirements for operations in Virginia;


17.4 Applicant **Equitable Production Company** claims ownership of gas leases, Coalbed Methane Gas leases, and/or coal leases representing **98.432378%** percent of the oil and gas interest/claims in and to Coalbed Methane Gas and **100%** percent of the coal interest/claims in and to Coalbed Methane Gas in Subject Drilling Unit; and, Applicant claims the right to explore for, develop and produce Coalbed Methane Gas from Subject Formations in Subject Drilling Unit in **Russell County**, Virginia, which Subject Lands are more particularly described in **Exhibit A**;

17.5. The estimated total production from Subject Drilling Unit is **200 MMCG**. The estimated amount of reserves from the Subject Drilling Unit is **200 MMCG**;


17.6. Set forth in **Exhibit B-3**, is the name and last known address of each Owner or Claimant identified by the Applicant as having or claiming an interest in the Coalbed Methane Gas in Subject Formation in Subject Drilling Unit underlying and comprised of Subject Lands, who has not, in writing, leased to the Applicant or the Unit Operator or agreed to voluntarily pool his interests in Subject Drilling Unit for its development. The interests of the Respondents listed in **Exhibit B-3** comprise **1.567622%** percent of the oil and gas interests/claims in and to Coalbed Methane Gas and **0.00%** percent of the coal interests/claims in and to Coalbed Methane Gas in Subject Drilling Unit;

- 17.7 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in the Wells are those options provided in Paragraph 9 above;
- 17.8 The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person listed and named in **Exhibit B-3** hereto the opportunity to recover or receive, without unnecessary expense, such person's just and fair share of the production from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of Coalbed Methane Gas, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.
18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of recording of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of its receipt by Unit Operator to each Respondent named in **Exhibit B-3** pooled by this Order and whose address is known.
19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).
20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
21. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court.
22. Effective Date: This Order shall be effective as of the date of the Board's approval of this Application, which is set forth at Paragraph 1 above.

DONE AND EXECUTED this 18<sup>th</sup> day of October, 2007, by a majority of the Virginia Gas and Oil Board.

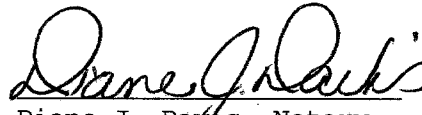
  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 18<sup>th</sup> day of October, 2007, by Order of this Board.

  
B. R. Wilson  
Principal Executive To The Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA  
COUNTY OF WASHINGTON

Acknowledged on this 18<sup>th</sup> day of October, 2007, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, and appeared B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board that they executed the same and were authorized to do so.

  
Diane J. Davis, Notary  
174394

My commission expires: September 30, 2009

0703437

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF RUSSELL COUNTY, 10-29, 2007. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 9:50 o'clock A. M, after payment of \$ \_\_\_\_\_ tax imposed by Sec. 58.1-802.

Original returned this date to: Diane Davis

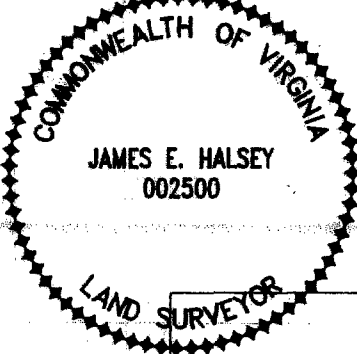
TESTE: DOLLE M. COMPTON, CLERK  
BY:  D. CLERK

12,115'

BOOK 680 PAGE 0663

Well Coordinates: (Geographic N27)  
37.024793° -82.166522°

Latitude 37° 02' 30"



Lease No. 244792L / TC-214  
Elihu L. Kiser  
209.02 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Pine Mountain Oil & Gas, Inc. - (CBM)  
Lease No. 244332L  
H.F. Kiser Heirs - oil & gas (CBM)  
87.50 Acres  
Gas 6.38 Ac. 10.86%

Lease No. 241490L / T-459  
Breeding Brothers  
314.51 Acres  
Heartwood Forestland Fund IV, L.P. - surface  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Pine Mountain Oil & Gas, Inc. - oil, gas & CBM  
Gas 31.45 Ac. 53.51%

IP  
N 24°06' W  
188.44'  
CBM  
VC-537965  
N 34°03' W  
294.28'

Heartwood Forestland Fund IV, L.P. - surface

Fork  
Rte.  
Va.

Lease No. 241490L / T-485  
N. B. Rasnake  
250.53 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Pine Mountain Oil & Gas, Inc. - oil, gas & CBM  
Gas 9.32 Ac. 15.86%  
Whitt Rasnake Heirs - surface

Lease No. 244792L / TC-214  
Elihu L. Kiser  
209.02 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Pine Mountain Oil & Gas, Inc. - (CBM)  
Lease No. 905499L  
Ronny & Vicki Gilbert - oil & gas (CBM)  
28 Acres  
Gas 11.62 Ac. 19.77%

Well Coordinates: (VA St. Plane S. Zone,  
Calculated from CCC coordinates)  
N 272,529 E 929,887

Well Coordinates: (Climchfield Coal Co.)  
S 27,364.66 E 63,266.77

Well elevation determined by GPS  
survey from P-424

Area of Unit = 58.77 Ac.

## WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER VC-537965  
TRACT NO. LS. No. 241490L/T-459 ELEVATION 2,293.70' QUADRANGLE Duty  
COUNTY Russell DISTRICT Castlewood SCALE 1" = 400' DATE 6-23-2007

This Plat is a new plat x; an updated plat     ; or a final location plat       
+ Denotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

James E. Halsey  
Licensed Professional Engineer or Licensed Land Surveyor

**EXHIBIT "B-3"**  
**VC-537965**  
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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	<u>Gas Estate Only</u>			
2	Fred Musick, Jr. and Allie Musick H/W P.O. Box 315 Northeast, Maryland 21901	Unleased	0.018283%	0.0107
	Raymond Musick and Patsy Musick H/W Box 1245, Stuart, VA 24171	Unleased	0.021939%	0.0129
	Samuel Musick 1085 Bellamy Lane Portsmouth, OH 45663	Unleased	0.021939%	0.0129
	Wanda Whitt and Randall Whitt W/H 140 Cline Drive Gore, VA 22637	Unleased	0.004788%	0.0028
	Carol Peacoe and Jackie Peacoe W/H PO Box 2, Stephenson, VA 22656	Unleased	0.004788%	0.0028
	Diane Howell, single PO Box 414, Hebron, VA 21830	Unleased	0.004788%	0.0028
	Steven Howell unknown	Unleased	0.004788%	0.0028
	Kevin Howell 140 Cline Drive, Gore, VA 22637	Unleased	0.004788%	0.0028
	Franklin Farmer Karen Farmer H/W 8566 Burlington Court, Manassas, VA 20110	Unleased	0.004788%	0.0028
	Pridemore Powers and Virginia Powers H/W Unknown	Unleased	0.301667%	0.1772
	Maynard Powers Unknown	Unleased	0.301667%	0.1772
	Roland Delmar Kiser, single PO Box 194 Cleveland, VA 24225	Unleased	0.201111%	0.1181
	Giles Wilson and Charlotte Wilson H/W 70 Faith Street Cleveland, VA 24225	Unleased	0.028730%	0.0169

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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Wiley J. Canter Unknown	Unleased	0.009577%	0.0056
	Johnny Lee Rosenbaum 1730 Clifton Rd. Bristol, TN. 37621	Unleased	0.009577%	0.0056
	Alicia Rosenbaum, single P. O. Box 1114 Bristol, TN 37621	Unleased	0.009577%	0.0056
	Sharon Lynn Jones and Bobby Jones, W/H 2817 Biggs Highway Northeast, MD 21901	Unleased	0.005746%	0.0034
	Jack Kelvin Head 89 Tolmax Lane Elkton, MD 21921	Unleased	0.005746%	0.0034
	William Arthur Kiser and Sylvia Kiser, H/W 421 Beauregard Drive Chesapeake, VA 23322	Unleased	0.150833%	0.0886
	Christine Kiser and James Kiser, W/H 719 St Paul St Newport News, VA 23605	Unleased	0.150833%	0.0886
	Ama Kiser Vance, widow 409 West Main St, Apt 4 Tazewell, VA 24651	Unleased	0.150833%	0.0886
	Dave Craft 2700 Willimar Street Richmond, VA 23234	Unleased	0.075417%	0.0443
	Charles Hankins and Lorraine Hankins H/W 1694 Royal Gate Drive New Braunfels, TX 78132	Unleased	0.075417%	0.0443
<b>TOTAL</b>			<b>1.567622%</b>	<b>0.9209</b>

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<u>TR</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Gas Estate Only</u>				
2	<u>H. F. Kiser Heirs</u>			
	Delphia Musick Ball, widow PO Box 58 Davenport, VA 24239	Leased 244332	0.109697%	0.0644
	Sarah E. Musick, widow Rt 1, Box B2 Cleveland, VA 24225	Leased 244332	0.109697%	0.0644
	Betty Musick Rt. 2 Box 167 Cleveland, VA 24225	Leased 244332	0.109697%	0.0644
	Thelma Musick, widow 950-L-39, Hillman HWY Abingdon, VA 24210	Leased 244332	0.109697%	0.0644
	Ralph Elwood Musick, single Box 15177 Douglas Street Culpeper, VA 22701	Leased 244332	0.109697%	0.0644
	Dorothy Johnson, single Rt. 4 Box 177-B Lebanon, VA 24266	Leased 244332	0.109697%	0.0644
	Hubert C. Musick and Jo Anne Musick, h/w PO Box 202 Honaker, VA 24260	Leased 244332	0.109697%	0.0644
	Ina Musick, widow 667 Hunting Hill Road Piney Flats, TN 37686	Leased 244332	0.109697%	0.0644
	Ronald Lewis Wilson Rt. 1 Box 91 Honaker, VA 24260	Leased 244332	0.027424%	0.0161
	Lakie Nearse P. O. Box 1864 Bristol, VA 24203	Leased 244332	0.027424%	0.0161
	Trudie Damron 51 Sutherland Drive Cleveland, VA 24225	Leased 244332	0.027424%	0.0161
	Freddy Wilson Rt 2 Box 332 Cleveland, VA 24225	Leased 244332	0.013712%	0.0081
	Patricia C. Fields 5994 Clinch Mountain Road Lebanon, VA 24266	Leased 244332	0.013712%	0.0081

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<u>TR</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Mildred Kendrick and Claude Kendrick W/H Star Route, Box 94 Dublin, VA 24084	Leased 244332	0.018283%	0.0107
	Edith Matson and William B. Matson W/H 5678 State Route 133 Batavia, Ohio 45103	Leased 244332	0.018283%	0.0107
	Sally Musick, widow 747 Smoots Branch Cleveland, VA 24225	Leased 244332	0.018283%	0.0107
	Cecil C. Musick and Irene Musick, H/W Route 2 Box 114 Cleveland, VA 24225	Leased 244332	0.018283%	0.0107
	James Harold Musick and Annie B. Musick, H/W Rt. 2 Box 76B Cleveland, VA 24225	Leased 244332	0.018283%	0.0107
	Fred Musick, Jr. and Allie Musick H/W P.O. Box 315 Northeast, Maryland 21901	Unleased	0.018283%	0.0107
	Scarlette Baker and Henry Baker, H/W PO Box 2374 Lebanon, VA 24266	Leased 244332	0.021939%	0.0129
	Sparkler Floyd Baker and Dolly Baker, H/W 17085 Brumley Gap Rd, Abingdon, VA 24210	Leased 244332	0.021939%	0.0129
	Raymond Musick and Patsy Musick H/W Box 1245, Stuart, VA 24171	Unleased	0.021939%	0.0129
	Samuel Musick 1085 Bellamy Lane Portsmouth, OH 45663	Unleased	0.021939%	0.0129
	Keith Allen Musick 25005 Lawrence, Apt. 126 Center Line, MI 48015	Leased 244332	0.010970%	0.0064
	Patrick Fitzgerald Musick 25005 Lawrence, Apt. 126, Center Line, MI 48015	Leased 244332	0.010970%	0.0064
	Velva Lee Breeding and Clويد Breeding W/H Route 1 Box 441 Cleveland, VA 24225	Leased 244332	1.206667%	0.7089



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<u>TR</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Billie Mason Gilbert and Catherine L. Gilbert, H/W 7442 SE 114 Lane, Bellevue, Florida 34420-4746	Leased 244332	0.033519%	0.0197
	Violet Combs and Arlen Combs W/H 8122 Sinclair Mill Road, Manassas, VA 20112-3509	Leased 244332	0.033519%	0.0197
	Charlotte Lewis, single 8698 Carlton Drive, Manassas, VA 20112	Leased 244332	0.033519%	0.0197
	Sharon Peacher & Edward L. Peacher W/H 10807 Warwick Avenue, Fairfax, VA 22030	Leased 244332	0.033519%	0.0197
	Gladys Crawford and Carl Crawford W/H 9017 Richmond Avenue, Manassas, VA 20110	Leased 244332	0.033519%	0.0197
	Lorraine Crutchfield and Meredith Crutchfield W/H P.O. Box 632, South Hill, VA 23970	Leased 244332	0.033519%	0.0197
	Phyllis Keene, single 497A Washington Street, Romney, WVA 26757	Leased 244332	0.033519%	0.0197
	Ronnie Gilbert and Vicki Gilbert H/W Rt. 2 Box 28A, Cleveland, VA 24225	Leased 244332	0.016759%	0.0098
	Regina Gilbert, single Rt. 2 Box 127A, Cleveland, VA 24225	Leased 244332	0.016759%	0.0098
	Brenda Whitt and Ferrell Whitt W/H 255 Brill Road Star Tannery, VA 22654	Leased 244332	0.004788%	0.0028
	Wanda Whitt and Randall Whitt W/H 140 Cline Drive Gore, VA 22637	Unleased	0.004788%	0.0028
	Carol Peacoe and Jackie Peacoe W/H PO Box 2, Stephenson, VA 22656	Unleased	0.004788%	0.0028
	Diane Howell, single PO Box 414, Hebron, VA 21830	Unleased	0.004788%	0.0028

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<u>TR</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Steven Howell unknown	Unleased	0.004788%	0.0028
	Kevin Howell 140 Cline Drive, Gore, VA 22637	Unleased	0.004788%	0.0028
	Franklin Farmer Karen Farmer H/W 8566 Burlington Court, Manassas, VA 20110	Unleased	0.004788%	0.0028
	Alma Pauline Butler, single 511 Paradise Road Aberdeen, MD 21001	Leased 244332	0.301667%	0.1772
	Pridemore Powers and Virginia Powers H/W Unknown	Unleased	0.301667%	0.1772
	Maynard Powers Unknown	Unleased	0.301667%	0.1772
	Alma Simerly, single PO Box 1624 Honaker, VA 24260	Leased 244332	0.201111%	0.1181
	Roland Delmar Kiser, single PO Box 194 Cleveland, VA 24225	Unleased	0.201111%	0.1181
	Nettie Glenn Wilson, widow PO Box 294 Cleveland, VA 24225	Leased 244332	0.201111%	0.1181
	Kennie O'Dell Kiser and Thelma Kiser, H/W PO Box 62 Cleveland, VA 24225	Leased 244332	0.201111%	0.1181
	Giles Wilson and Charlotte Wilson H/W 70 Faith Street Cleveland, VA 24225	Unleased	0.028730%	0.0169
	Roy Lee Wilson and Delphia Wilson, H/W HC 4 Box 304 Bee, VA 24217	Leased 244332	0.028730%	0.0169
	Alden Wilson and Ella Wilson, H/W 1335 E Old Philadelphia Road Elkton, MD 21921	Leased 244332	0.028730%	0.0169
	Curtis Wilson and Connie Wilson, H/W 1867 E Old Philadelphia Road Elkton, MD 21921	Leased 244332	0.028730%	0.0169

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TR	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Lonnie G. Wilson and Pam Wilson, H/W 3748 Cunningham Road Thomasville, NC 27360	Leased 244332	0.028730%	0.0169
	Wiley J. Canter Unknown	Unleased	0.009577%	0.0056
	Johnny Lee Rosenbaum 1730 Clifton Rd. Bristol, TN. 37621	Unleased	0.009577%	0.0056
	Alicia Rosenbaum, single P. O. Box 1114 Bristol, TN 37621	Unleased	0.009577%	0.0056
	Randall Head and Teresa Head, H/W 1279 Old Neck Road Elkton, MD 21921	Leased 244332	0.005746%	0.0034
	Wanda K. Jones and Evan Jones, H/W 995 E Old Philadelphia Rd Elkton, MD 21921	Leased 244332	0.005746%	0.0034
	Sharon Lynn Jones and Bobby Jones, W/H 2817 Biggs Highway Northeast, MD 21901	Unleased	0.005746%	0.0034
	Carolyn Sue Rinehart and Richard Rinehart, W/H 4534 Almond Street Philadelphia, PA 19137	Leased 244332	0.005746%	0.0034
	Jack Kelvin Head 89 Tolmax Lane Elkton, MD 21921	Unleased	0.005746%	0.0034
	<b><u>Ruby Ethel Kiser Heirs</u></b>			
	Kennie O'Dell Kiser P.O. Box 62 Cleveland, VA 24225	Leased 244332	0.067037%	0.0394
	Nettie Glenn Wilson, widow PO Box 294 Cleveland, VA 24225	Leased 244332	0.067037%	0.0394
	Roland Delmar Kiser, single PO Box 194 Cleveland, VA 24225	Leased 244332	0.067037%	0.0394
	Vadie Kiser Tiller Blankenship and Edwin Blankenship W/H 26934 Watuaga Road Abingdon, VA 24211-7356	Leased 244332	0.301667%	0.1772

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<u>TR</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Maudie Stevens, single HCR 1, Box 405 Birchleaf, VA 24220	Leased 244332	0.301667%	0.1772
	Anita Conway and Wayne Conway, W/H HCR 1 Box 409 Birchleaf, VA 24220	Leased 244332	0.150833%	0.0886
	Donnie Kiser and Diann Kiser, H/W P.O. Box 72 Lawndale, NC 28090	Leased 244332	0.150833%	0.0886
	James Albert Counts 814 Shamrock Drive Fredricksburg, VA 22407	Leased 244332	0.043095%	0.0253
	Marvin Eugene Counts 2644 Pats Lane ST Paul, VA 24283	Leased 244332	0.043095%	0.0253
	Hancel Wayne Counts 16486 S St. Paul St Castlewood, VA 24283	Leased 244332	0.043095%	0.0253
	Lyndon Carrol Counts 16486 S St. Paul St Castlewood, VA 24283	Leased 244332	0.043095%	0.0253
	Virginia Dare Turner Rt. 1 Box 682 Clinchco, VA 24226	Leased 244332	0.043095%	0.0253
	Glenda Sue Turner 4316 Kentland Drive Woodbridge, VA 22193	Leased 244332	0.043095%	0.0253
	Lois Ann Phipps HC 67 Box 153-A Dante, VA 24237	Leased 244332	0.043095%	0.0253
	Brady Brooks HC 67 Box 245 Dante, VA 24237	Leased 244332	1.206667%	0.7089
	Rayford Counts Rt. 1 Box 696 Dante, VA 24237	Leased 244332	0.201111%	0.1181
	James E. Counts Rt. 1 Box 344 Clintwood, VA 24228	Leased 244332	0.201111%	0.1181
	Christopher Darrel Counts 5256 Blacksburgs Road Troutville, VA 24175	Leased 244332	0.201111%	0.1181

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<u>TR</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Linda Gail Chafin 2009 New Garden Road Cleveland, VA 24225	Leased 244332	0.201111%	0.1181
	William Larry Counts Rt. 2 Box 70 Cleveland, VA 24225	Leased 244332	0.201111%	0.1181
	Lora Lee Counts Rt. 1 Box 630 Dante, VA 24237	Leased 244332	0.050278%	0.0295
	Kevin J. Counts Rt. 1 Box 630 Dante, VA 24237	Leased 244332	0.050278%	0.0295
	Anthony Counts PO Box 91 Cleveland, VA 24225	Leased 244332	0.050278%	0.0295
	Destia Puckett PO Box 91 Cleveland, VA 24225	Leased 244332	0.050278%	0.0295
	Anne J Campbell 248 Cleveland Hgts Rd. Cleveland, VA 24225	Leased 244332	0.402222%	0.2363
	Inas Counts PO Box 2995 Lebanon, VA 24226-2995	Leased 244332	0.402222%	0.2363
	Delphia Combs 32 Train Track Road Cleveland, VA 24225	Leased 244332	0.402222%	0.2363
	William Arthur Kiser and Sylvia Kiser, H/W 421 Beauregard Drive Chesapeake, VA 23322	Unleased	0.150833%	0.0886
	Christine Kiser and James Kiser, W/H 719 St Paul St Newport News, VA 23605	Unleased	0.150833%	0.0886
	Nellie Kiser Wells, single 2128 A Street Augusta, GA 30904-3010	Leased 244332	0.150833%	0.0886
	Ama Kiser Vance, widow 409 West Main St, Apt 4 Tazewell, VA 24651	Unleased	0.150833%	0.0886
	Dave Craft 2700 Willimar Street Richmond, VA 23234	Unleased	0.075417%	0.0443

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<u>TR</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Charles Hankins and Lorraine Hankins H/W 1694 Royal Gate Drive New Braunfels, TX 78132	Unleased	0.075417%	0.0443
	Ada Karen Hayes and Clarence Hayes W/H 1542 Holly Hills Road Powhatan, VA 23139	Leased 244332	0.075417%	0.0443
	Jean Bryan, single 4204 Winterberry Lane Charleston, WVA 25313	Leased 244332	0.075417%	0.0443
	Oakley Eugene Perkins and Dorothy Perkins, H/W 2416 Lamberts Avenue Richmond, VA 23234	Leased 244332	0.050278%	0.0295
	Brenda Courtney and James Courtney W/H 1904 Graves Road Sandston, VA 23150	Leased 244332	0.050278%	0.0295
	Greta Shaw and Robert L. Shaw W/H 14010 North Carriage Lane Midlothian, VA 23313-4325	Leased 244332	0.050278%	0.0295
	Lila Elizabeth Kiser, single 2416 Lamberts Avenue Richmond, VA 23234	Leased 244332	0.150833%	0.0886
3	Ronnie Gilbert and Vicki Gilbert, H/W Route 2, Box 28-A Cleveland, VA 24225	Leased 905499	19.770000%	11.6200
	<b>TOTAL</b>		<b>30.630000%</b>	<b>18.0000</b>

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<u>TR</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
		<u>Coal Estate Only</u>		
2	Pine Mountain Oil & Gas, Inc. ATTN: Jerry Grantham P.O. Box 2136 Abingdon, VA. 24212	Leased 244792/TC-214	10.860000%	6.3800
3	Pine Mountain Oil & Gas, Inc. ATTN: Jerry Grantham P.O. Box 2136 Abingdon, VA. 24212	Leased 244792L/ TC-214	19.770000%	11.6200
	TOTAL		30.630000%	18.0000